

GENERAL SESSION #5

2022 FAFSA Simplification

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U.S. Department of Education

2022 Virtual FSA Training Conference for Financial Aid Professionals

AGENDA

1. Implementation Overview
2. 2023-24
 1. DCL GEN-22-15
 2. Pell eligibility for incarcerated students

AGENDA

3. 2024-25
 1. Transition to SAI
 2. Pell Grant Eligibility
 3. Provisional Independence
 4. Collection of FWS Student Earnings in COD
 5. Technical References and File Layouts
 6. Important Dates

IMPLEMENTATION OVERVIEW





CONSOLIDATED APPROPRIATIONS ACT, 2021

Public Law Number 116-260

Signed into law: December 27, 2020



Future Act

Expands access to federal student aid, and mandates Federal Student Aid to use data directly from the IRS.

FAFSA® Simplification Act

Introduces significant changes to the FAFSA® application process including changes to the FAFSA® form, how students and families will complete the application, and the eligibility calculation.

CONSOLIDATED APPROPRIATIONS ACT, 2022

Public Law Number 117-103

Signed into law: March 15, 2022

FAFSA® Simplification Technical Corrections Act

- Extended FAFSA simplification implementation timeline
- Updated language associated with cost of attendance and the special rules for independent students
- Modified the terms and conditions for students that qualify for Pell Grant funds based upon meeting special conditions currently associated with the Iraq and Afghanistan Service Grant and the Children of Fallen Heroes Grant



FAFSA® Simplification Implementation Timeline

- Repeal of Subsidized Usage Limited Applied (SULA) calculation
- Removal of negative consequences associated with drug convictions or failure to register for Selective Service

- Comments on applicant's Student Aid Report (SAR) updated to make it clear that they are now eligible for federal student aid regardless of how they answered FAFSA questions on drug convictions and Selective Service

- Removal of drug conviction and Selective Service FAFSA questions
- Addition of demographic survey
- Expansion of Pell Lifetime Eligibility Used (LEU) restoration
- Extension of Pell Grant eligibility to incarcerated students
- Carry over of responses to homeless & unaccompanied youth questions
- Changes to Cost of Attendance
- Expansion of professional judgment
- Adjustments for applicants who cannot provide parental info
- Expanded acceptable documentation for unaccompanied/homeless youth

- Modified FAFSA form to include the remaining FAFSA Simplification provisions
 - Includes provisional independent student determination
- Provide tool for estimating student aid eligibility
- Expanded accessibility of FAFSA forms to 11 most common languages
- Calculation of Student Aid Index (SAI) replaces Expected Family Contribution (EFC)
- Changes to Pell Grant eligibility formula
- Changes to verification selection criteria
- Direct Data Exchange to import Federal Tax Information (FTI) for FAFSA, IDR and TPD forms
- Re-engineered FAFSA processing systems

Award Year 2021-2022

Award Year 2022-2023

Award Year 2023-2024

Award Year 2024-2025

2023-2024

Phased Implementation

2023-2024

July 1, 2023 – June 30, 2024

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND®

FAFSA®

FREE APPLICATION for FEDERAL STUDENT AID

Step One (Student): For questions 1-28, leave any questions that do not apply to you (the student) blank. OMB # 1845-0001

Your full name (**exactly as it appears on your Social Security card**) If your name has a suffix, such as Jr. or III, include a space between your last name and suffix.

1. Last name

2. First name

3. Middle initial

Your permanent mailing address

4. Number and street
(include apt. number)

5. City (and country if
not U.S.)

6. State

7. ZIP code

8. Your Social Security Number **See Notes page 9.**

9. Your date
of birth

MONTH

DAY

YEAR

10. Your telephone number

2023-24 IMPLEMENTATION

- Continued phased implementation of provisions of *FAFSA Simplification Act* as amended by *Consolidated Appropriations Act, 2022*
- Changes are effective on or after **July 1, 2023**, with other aspects of *FAFSA Simplification Act* to be implemented on future dates
- Full overview of guidance published in Dear Colleague Letter November 4, 2022[GEN-22-15] along with Q&A
- Additional detail for implementing changes will be outlined in 2023-24 FSA Handbook

2023-24 IMPLEMENTATION

- Operational changes
 - Revisions to Cost of Attendance (COA) components and consumer information that must be made publicly available
 - Provisions for FAAs to exercise professional judgment in addressing an applicant's circumstances that may impact aid eligibility
 - Defines categories of professional judgment: special circumstances and unusual circumstances
 - Provides additional flexibility and requirements for making determinations of independence (dependency overrides)
 - Updates acceptable documentation

2023-24 IMPLEMENTATION

- Federal Pell Grant eligibility
 - Restores Lifetime Eligibility Used (LEU) for borrowers with certain loan discharges and successful borrower defense claims
 - Establishes eligibility for students who are confined or incarcerated and enrolled in prison education programs as of July 1, 2023
- FAFSA form changes
 - Fully removes Selective Service and drug conviction questions
 - Collects race/ethnicity and sex/gender questions via voluntary, post-application survey
 - Carries forward answers to three existing homeless youth questions, which are now renewal eligible

2024-2025

Full Implementation

Federal
Student
Aid

A better FAFSA® process means
a better future for everyone.

**BETTER
FAFSA®**
BETTER FUTURE

2024-25 FAFSA® Simplification Experience

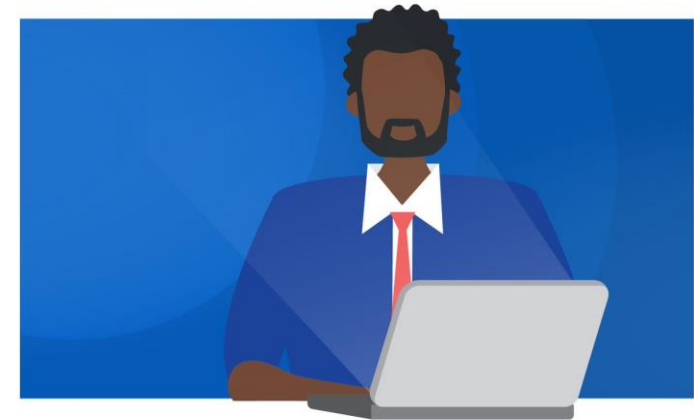
Modified the FAFSA experience to create an optimized solution that will be intuitive, consistent, transparent, and efficient from end to end by

- Reducing cognitive load
- Minimize redundant processes
- Maximize reuse of previously collected data
- Improving placement



2024-25 FAFSA® Simplification Experience

- Roles-based Completion
 - Multi-factor authentication
 - Direct Data Exchange (DDE)
 - Applicants, and as applicable their parents and spouses, will be able to consent to have their Federal Tax Information (FTI) transfer directly into their form.
 - Most of the income questions may be provided from the IRS direct data exchange.



2024-25

Student Aid Index

- The Expected Family Contribution (EFC) will change to Student Aid Index (SAI) to determine eligibility for need-based aid.



The diagram illustrates the formula for determining the Student Aid Index (SAI) based on financial need. It consists of four colored boxes connected by mathematical symbols. A blue box labeled 'Need' is followed by an equals sign, then a dark blue box labeled 'Cost of Attendance', followed by a minus sign, then a yellow box labeled 'Student Aid Index (SAI)', followed by another minus sign, and finally a green box labeled 'Other Financial Assistance (OFA)'.

$$\text{Need} = \text{Cost of Attendance} - \text{Student Aid Index (SAI)} - \text{Other Financial Assistance (OFA)}$$

- The Department is still proscribed from writing regulations on the need analysis, except on COA that is not tuition and fees.



2024-25 Student Aid Index

- Income on the FAFSA will now mostly be provided by the Direct Data Exchange.
- The Student Aid Index can be a negative number as low as $-\$1500$.
- Those who are not required to file a return in the base year will get an automatic $-\$1500$ SAI.



2024-25 Pell Grant Eligibility

- Cannot exceed Cost of Attendance
- Maximum and Minimum Pell determined by income, family size and poverty levels
 - SAI if neither maximum nor minimum Pell eligible
- Less than Full-time Enrollment
 - Pell Grant reduced in direct proportion of enrollment intensity rounded to nearest whole percentage point
 - Payment formula versus table



2024-25 Pell Grant Eligibility

- Step 1 – Maximum Pell Grant Eligibility
 - Calculated based on tax-filing status, AGI, poverty guidelines, and family size
- Step 2 – Student Aid Index Calculation
 - Replaces EFC calculation, beginning with the 2024-25 award year
 - Pell Grant = Maximum Scheduled Pell minus Calculated SAI (adjusted for enrollment)
- Step 3 – Minimum Pell Grant Eligibility
 - Calculated only if a student's SAI is greater than Maximum Scheduled Pell for the award year.

Each step is described in detail in the DRAFT 2024-25 Pell Grant Eligibility and Student Aid Index Technical Assistance Manual



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2024-25

Provisional Independence

- This will provide a new process for students with unusual circumstances who cannot provide parent information on the FAFSA.
- Workflow within the form will allow students to complete the FAFSA as independent students, with their final determination subject to approval of documentation submitted to their school.
- Students with approved unusual circumstances determinations will carry forward for subsequent years if their circumstances remain unchanged.

2024-25

Collection of FWS Student Earnings in COD

- Beginning with the 2024-2025 FAFSA, schools will be required to report calendar year Federal Work Study (FWS) earnings by student
 - Sec 483(a)(2)(F) of the FAFSA Simplification Act ([P.L. 116-260](#))
 - ED may not ask additional questions of the applicant to determine the amount received.
- New Campus-Based schema is being built in the Common Origination and Disbursement (COD) System to accommodate student-level reporting of FWS data
- The Campus-Based schema available in summer of 2023
 - Schools will need to complete reporting of 2022 FWS earnings for their students **prior** release of the 2024-2025 FAFSA.
- Virtual Exhibit Hall - New Campus-Based Reporting Requirements in COD for FWS Wages

TECHNICAL REFERENCES AND FILE LAYOUTS



CHANGES IN 2024-2025

- EDE Changes
 - FAFSA Processing
 - ISIR Record Layout
 - Technical Reference & Guide Updates
-
- More information: Session B015. 2024-25 FAFSA Processing/FAA Access Changes

TECHNICAL REFERENCE & GUIDE UPDATES

- FSA will be providing new, refreshed Technical Reference Guides and Record Layouts. Draft guides and layouts will be provided as early as possible.
- The FAFSA Specification Guide will now be comprised of the EDE Technical Reference, Application Systems Guide, the Test Systems Guide, ISIR Guide, and the SAR Comment Guide. The Summary of Changes for Application Processing (SCAPS) Guide, and the new Student Aid Index (SAI) Guide will be separate.
- Schedule of release dates for draft and final documents will be released by December 2022.

RESOURCES AND OUTREACH



IMPORTANT TIMELINES

- With the significant changes to the 2024-2025 FAFSA Processing, FSA plans to provide additional details in the coming months. Some important dates to remember are:
 - ISIR Record Layout
 - Rough draft December 2022
 - Draft Spring of 2023
 - Final Summer 2023
 - FAFSA Specifications for Software Developers
 - Draft Spring 2023
 - Final Summer 2023
 - Summary of Changes for Application Processing
 - Draft Spring 2023
 - Final Summer 2023
 - Test ISIRs: Late Summer 2023

RESOURCES AND OUTREACH

- Draft 2024-2025 SAI and Pell Eligibility Guide
 - Electronic Announcement GEN-22-91 on November 21
- Additional Dear Colleague Letters and Electronic Announcements
- ED to develop a form to help schools and correctional facilities with the prison educational program approval process
- 2023-2024 FSA Handbook (publishing to start in Fall 2022)
- On-going Webinars

RESOURCES AND OUTREACH

- Resources related to FAFSA simplification:
 - [FSA Knowledge Center](#) – Policy guidance, training, and announcements for schools and FAAs
 - [FSA Financial Aid Toolkit](#) – Information and outreach tools for counselors, college access professionals, nonprofit mentors, and other advisors
- ED developing both in person and virtual training in 2023 for the changes that are coming with the 2024-25 FAFSA